

**\*\*Title:\*\*** Malayan Insurance Co., Inc. vs. Regis Brokerage Corp.

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**\*\*Facts:\*\***

In an intensely procedural and factual case, Malayan Insurance Co., Inc. (Petitioner) sought review of a Court of Appeals' decision that dismissed its complaint against Regis Brokerage Corp. (Respondent) for damages related to undelivered cargo. The cargo, consisting of 120 pieces of motors, insured by Malayan for ABB Koppel, Inc. (ABB Koppel), was partially lost during transport. Only 65 out of 120 motors arrived at ABB Koppel, with the missing worth valued at US\$2,374.35.

Malayan, having compensated ABB Koppel for the loss (P156,549.55), pursued recovery from Regis, which handled the delivery from the airport to ABB Koppel. The legal journey began in the Metropolitan Trial Court (MeTC) of Manila, transferred to the Regional Trial Court (RTC), and then escalated to the Court of Appeals (CA), which disagreed with the lower courts by citing the invalidity of the insurance contract due to it being procured after the loss was known, violating Section 3 of the Insurance Code.

Regis and Paircargo were initially defendants, but only Regis continued through the appeals process. Crucially, Malayan's complaint rested on a Marine Risk Note presented as evidence, while their main argument centered on a supposedly existing Marine Insurance Policy that was never introduced at the trial level or in the intermediate appellate court.

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**\*\*Issues:\*\***

1. Whether the Marine Risk Note alone substantiates a valid insurance covering the subject motors at the time of loss.
  2. The impact of failing to introduce the marine insurance policy, indicating an existing insurance contract prior to the loss, on Malayan's ability to establish its right to subrogation.
  3. The procedural consequence of not attaching the substantive insurance contract to the complaint as required by rules governing actions based upon a written document.
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**\*\*Court's Decision:\*\***

The Supreme Court denied Malayan's petition, holding firmly that without the Marine Insurance Policy presented at trial or even mentioned in the complaint, the cause of action as a subrogee could not be sufficiently established. The Court emphasized the procedural misstep of not adhering to the rules that require the attachment of the principal document (the insurance contract) upon which the action is based, to the complaint. The absence of this document meant Malayan failed to prove its right of subrogation rooted in a pre-existing insurance contract with ABB Koppel.

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**\*\*Doctrine:\*\***

This case underscores the foundational principle that the substance of a contract must be set forth in the pleading, and the original or a copy thereof should be attached to the pleading as an exhibit, particularly when the action or defense is based upon a written document (Section 7, Rule 9 of the 1997 Rules of Civil Procedure).

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**\*\*Class Notes:\*\***

**Key Elements:**

- **\*\*Evidence and Pleadings\*\***: The importance of attaching the substantive document (e.g., an insurance policy) upon which a claim or defense is based, to the initial complaint.
- **\*\*Subrogation Rights\*\***: The necessity of establishing the basis for subrogation rights through proper documentary evidence in court.
- **\*\*Procedural Requirements\*\***: Adhering to procedural rules in presenting documents crucial to the cause of action.

**Relevant Statutory Provisions:**

- **\*\*Section 3 of the Insurance Code\*\***: On insurable interest and the requirement that the insured event be unknown at the time of contract execution.
- **\*\*Section 7, Rule 9 of the 1997 Rules of Civil Procedure\*\***: On actions or defenses based on a written instrument or document.

**Application:**

- These principles and provisions are critical in insurance-related disputes and emphasize

the importance of thorough preparation and adherence to procedural rules in legal proceedings.

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**\*\*Historical Background:\*\***

This case reflects the complexity of insurance claims, especially when involving transportation losses, as well as the vital importance of procedural fidelity in judicial proceedings. It elucidates the interplay between substantive insurance law and procedural rules, highlighting the judiciary's role in enforcing contract terms and ensuring that litigants meet their evidentiary burdens.